

# EXHIBIT G



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**Via Certified Mail, RRR**

September 17, 2009

Weld Wire Co. Inc., Excess Welding Co.  
Brent Saul  
103 Queens Drive  
King of Prussia, PA 19406

Re:	Policyholder:	Weld Wire Co., Inc., Excess Welding Co.
	Policies:	P 2094431661 (2/24/09 – 2/24/10) P 2094431644 (2/24/09 – 2/24/10)
	Claim Number:	E2597316

Dear Mr. Saul:

On behalf of National Fire Insurance of Hartford (hereinafter "National"), this will acknowledge receipt of the above-referenced matter which was telephonically reported to National by a Brett Kleckner, a representative of your agent at Wells Fargo, on 8/20/09. It is our understanding that you are providing notice of this matter on behalf of Weld Wire Co. Inc., Excess Welding Co. (hereinafter "Weld Wire") seeking coverage under policy P2094431661 in effect for the period 2/24/09 to 2/24/10. If this is incorrect, please so advise. My investigation has also revealed that National issued an umbrella policy to Weld Wire under policy P 2094431644 in effect for the period 2/24/09 to 2/24/10.

The views expressed in this letter are based on the unsubstantiated allegations made by the claimants. This letter reflects National's analysis of coverage based on the information currently available. These views are not intended to be exhaustive or exclusive. National reserves all of its rights and defenses under the policies and applicable law, including the right to raise additional coverage issues as may be appropriate. Please feel free at any time to submit any information that you believe may be relevant to any of the coverage issues discussed in this letter.

**Background.**

Weld Wire is a distributor of welding rods used in the construction of refineries and power plants. Weld Wire purchased 12,000 lbs of welding rods labeled 80S-B2 from Gedik, a manufacturer of rods which is located in Turkey. It is my understanding that 3,000 lbs of this order was sold by Weld Wire to Sowesco I., Inc. (hereinafter "Sowesco") and other unidentified customers sometime in April of this year. Weld Wire currently still possesses the remaining 9,000 lbs at its facility.

After purchasing the product from Weld Wire, Sowesco repackaged and sold approximately 200 lbs of the rods to another distributor called Red Ball Oxygen (hereinafter "Red Ball"). Red Ball in turn sold the rods to its various customers including Shell-Norco and The Industrial Corporation (hereinafter "TIC"). Sowesco was notified on 7/27/09 by Shell-Norco that the chemistry of the welding rods that they purchased from Sowesco was different than the advertised specifications of the rods. Sowesco then

allegedly tested the rods and concluded that they contained a different alloy than what had been stamped on them. Weld Wire also tested a portion of the welding rods and found that only 4 out of the 30 rods tested were of the proper specification. Weld Wire notified Gedik of this issue and returned a small quantity of the rods to Gedik so that it could perform Independent testing. Gedik has not yet advised as to the results of these tests.

Shell-Norco determined that the repair cost to replace the welding rods at its refinery was approximately \$12,000 and that Sowersco paid Shell-Norco this amount to resolve the dispute.

TIC provided an estimate to Sowersco on 8/21/09 in the form of a spreadsheet of costs associated with the removal of the welding rods that have been used and incorporated in the piping at the refinery which was provided to National by Sowersco. The costs are comprised of labor, equipment, and inspections totaling \$592,466. TIC also indicated that this estimate does not include other costs that may arise in the future.

During our discussion on 9/9/09 you stated that Weld Wire has not been asked by Sowersco to take any specific action regarding the potential claims by Shell-Norco and TIC and that you were contacting National solely to place us on notice of potential claims that may arise in the future. However, I was also contacted on 9/9/09 by Paul Lehnhoff at Sowersco who indicated that he is seeking monetary compensation for the amount that Sowersco paid to Shell-Norco. Until information is received from you to the contrary, we will treat this as a "potential claim".

#### **Policies.**

Information relative to the policies is reflected in the table below:

Underwriting Company	Policy #	Policy Dates	Limits
National Fire Insurance of Hartford	P 2094431661	2/24/09 - 2/24/10	\$1 Million per occ; \$2 Million gen agg.
National Fire Insurance of Hartford	P 20094431644	2/24/09 - 2/24/10	\$5 Million each incident; \$5 Million gen agg; \$10K retained limit. XS \$2 million.

#### **A. Policy P 2094431611**

The coverage afforded under the policy P 2094431611 is subject to certain terms, conditions, limitations, and exclusions including, but not limited to, the following:

#### **SECTION I – COVERAGES**

##### **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**

##### **1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly

provided for under Supplementary Payments – Coverages A and B.

**b. This insurance applies to "bodily injury" and "property damage" only if:**

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

**c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.**

**d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:**

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

**e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury."**

The policy contains the following relevant exclusions.

**2. Exclusions**

This insurance does not apply to:

**b. Contractual Liability**

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract," reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage," provided:
  - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
  - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

**j. Damage To Property**

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;

- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

**k. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**l. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**m. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**n. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

The policy defines insureds thusly.

**SECTION II – WHO IS AN INSURED**

**1. If you are designated in the Declarations as:**

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

The policy contains the following definitions.

#### SECTION V – DEFINITIONS

- 8. "Impaired property" means tangible property, other than "your product" or "your work," that cannot be used or is less useful because:
  - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;
 if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.
- 9. "Insured contract" means:
  - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- 13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- 17. "Property damage" means:
  - a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
  - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

- 21. "Your product":
  - a. Means:
    - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
      - (a) You;
      - (b) Others trading under your name; or
      - (c) A person or organization whose business or assets you have acquired; and
    - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
  - b. Includes:
    - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
    - (2) The providing of or failure to provide warnings or instructions.
  - c. Does not include vending machines or other property rented to or located for the use of others but not sold.
- 22. "Your work":
  - a. Means:
    - (1) Work or operations performed by you or on your behalf; and
    - (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work," and
- (2) The providing of or failure to provide warnings or instructions.

The policy also contains the following relevant endorsement.

**1. ADDITIONAL INSURED – BLANKET VENDORS**

WHO IS AN INSURED (Section II) is amended to include as an additional insured any person or organization (referred to below as vendor) with whom you agreed, because of a written contract or agreement to provide insurance, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

1. The insurance afforded the vendor does not apply to:

- a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- b. Any express warranty unauthorized by you;
- c. Any physical or chemical change in the product made intentionally by the vendor;
- d. Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
- f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
- g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
- h. "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omission or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

(1) The exceptions contained in Subparagraphs d. or f.; or

(2) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.
3. This provision 1. does not apply to any vendor included as an insured by an endorsement issued by us and made a part of this Coverage Part.
4. This provision 1. does not apply if "bodily injury" or "property damage" included within the "products-

completed operations hazard" is excluded either by the provisions of the Coverage Part or by endorsement.

## 2. MISCELLANEOUS ADDITIONAL INSURED

WHO IS AN INSURED (Section II) is amended to include as an insured any person or organization (called additional insured) described in paragraphs 2.a. through 2.g. below whom you are required to add as an additional insured on this policy under a written contract or agreement but the written contract or agreement must be:

1. Currently in effect or becoming effective during the term of this policy; and
2. Executed prior to the "bodily injury," "property damage" or "personal injury and advertising injury,"

...

## 17. EXPECTED OR INTENDED INJURY

Exclusion a. of Section I – Coverage A – Bodily Injury and Property Damage Liability is replaced by the following:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

### **B. Policy P 2094431644**

The coverage provided under policy P 2094431644 is subject to certain terms, conditions, limitations, and exclusions including, but not limited to, the following:

## SECTION I – COVERAGES

### 1. Insuring Agreement

We will pay on behalf of the insured those sums in excess of "scheduled underlying insurance," "unscheduled underlying insurance" or the "retained limit" that the insured becomes legally obligated to pay as "ultimate net loss" because of "bodily injury," "property damage" or "personal and advertising injury" to which this insurance applies.

- a. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "incident" anywhere in the world;
- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) With respect to "bodily injury" or "property damage" that continues, changes or resumes so as to occur during more than one policy period, both of the following conditions are met:

- (i) Prior to the policy period, no "authorized insured" knew that the "bodily injury" or "property damage" had occurred, in whole or in part; and
- (ii) During the policy period, an "authorized insured" first knew that the "bodily injury" or "property damage" had occurred, in whole or in part.

For purposes of this Paragraph (1) a.(3) only, if (a) "bodily injury" or "property damage" that occurs during this policy period does not continue, change or resume after the termination of this policy period; and (b) no "authorized insured" first knows of this "bodily injury" or "property damage" until after the termination of this policy period, then such first knowledge will be deemed to be during this policy period.



- b. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any "authorized insured" includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- c. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any "authorized insured":
  - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
  - (2) Receives a written or verbal demand, claim or "suit" for damages because of the "bodily injury" or "property damage"; or
  - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- d. This insurance applies to "personal and advertising injury" caused by an "incident" committed anywhere in the world during the policy period.

If we are prevented by law, statute or otherwise from paying on behalf of the insured, then we will indemnify the insured for those sums that the insured is legally obligated to pay as "ultimate net loss" because of "bodily injury," "property damage" or "personal and advertising injury" to which this insurance applies.

The policy contains the following relevant exclusions.

## 2. Exclusions

This Insurance does not apply to:

### a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property. This exclusion does not apply to Employers Liability claims for "bodily injury" covered by "scheduled underlying insurance."

### b. Contractual Liability

"Bodily injury," "property damage" or "personal and advertising injury" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for "ultimate net loss":

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Because of "bodily injury" or "property damage" assumed in a contract or agreement that is an "insured contract," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement.

### j. Damage to Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those

operations; or

- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

**k. Damage to your Product**

"Property damage" to "your product" arising out of it or any part of it.

**l. Damage to you Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**m. Damage to Impaired Property or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**n. Recall of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

The policy defines insureds thusly.

**SECTION II – WHO IS AN INSURED**

1. Named Insured means any individual or organization stated in the Declarations of this policy and if you are designated in the Declarations of this policy as:

- a. An individual, you and your spouse, but only with respect to the conduct of a business of which you are the sole owner.

If you are designated in the Declarations of this policy as an individual, this policy shall not apply to liability arising out of your domestic or non-business activities. This does not apply to the ownership, maintenance, use or "loading or unloading" of any "automobile," or to the Personal Umbrella Liability Coverage Part.

- b. A partnership or joint venture, you and your members, your partners, and their spouses, but only with respect to the conduct of your business.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

c. An organization other than a partnership or joint venture, you and your executive officers and directors, but only with respect to their duties as your officers or directors. Your stockholders are also named insureds, but only with respect to their liability as stockholders.

d. A limited liability company, you and your members, but only with respect to the conduct of your business. Your managers are also named insureds but only with respect to their duties as your managers.

No person or organization is an insured with respect to the conduct of any current or past limited liability company that is not shown as a Named Insured in the Declarations.

e. A corporation or organization, other than partnerships, joint ventures or limited liability companies, that you form, acquire or gain control of during the policy period, but only with respect to "bodily injury," "property damage" or "personal and advertising injury" taking place after you form, acquire or gain control of such corporation or organization.

The policy contains the following definitions.

#### SECTION V – DEFINITIONS

5. **"Impaired property"** means tangible property, other than "your product" or "your work," that cannot be used or is less useful because:

a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

a. The repair, replacement, adjustment or removal of "your product" or "your work"; or

b. Your fulfilling the terms of the contract or agreement.

6. **"Insured contract"** means:

f. The part of other contracts or agreements pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability to pay damages because of "bodily injury" or "property damage" to a third person or organization, if the contracts or agreements are made prior to the "bodily injury" or "property damage."

9. **"Incident"**

a. With respect to "bodily injury" and "property damage," "Incident" means an occurrence. An occurrence means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

b. With respect to "personal and advertising injury," "Incident" means an offense arising out of your business.

12. **"Property damage"** means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss shall be deemed to occur at the time of the occurrence that caused it.

For the purposes of this insurance, "electronic data" is not tangible property.

14. **"Your product"** means:

a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(1) You;

(2) Others trading under your name; or

(3) A person or organization whose business or assets you have acquired; and

- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes warranties or representations made with respect to the fitness, quality, durability, performance or use of "your product" and the providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

**15. "Your work" means:**

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes warranties or representations made with respect to the fitness, quality, durability, performance or use of "your work" and the providing of or failure to provide warnings or instructions.

**18. "Ultimate net loss"**

- a. "Ultimate net loss" means the actual damages the insured is legally obligated to pay, either through:

- (1) Final adjudication on the merits; or
  - (2) Through compromise settlement with our written consent or direction;
- because of "Incident(s)" covered by this policy.

However, it includes the above mentioned sums only after deducting all other recoveries and salvages.

- b. "Ultimate net loss" does not include the following:

- (1) Costs or expenses related to:

- (a) Litigation;
- (b) Settlement;
- (c) Adjustment; or
- (d) Appeals;

nor costs or expenses incident to the same which an "underlying insurer" has paid, incurred or is obligated to pay to or on behalf of the insured;

- (2) Pre-judgment interest;
- (3) Office costs and expenses and salaries and expenses of the employees of an insured;
- (4) Our office costs and expenses and salaries of our employees; or
- (5) General retainer and/or monitoring fees of counsel retained by the insured.

**Reservation of Rights.**

National is continuing to investigate these claims subject to a full and complete reservation of our rights under the policies and we hereby specifically reserve the right to deny coverage for this claim. Any request for information we may make from you is not an admission on our part that the policies cover these matters either in whole or in part and is not intended and should not be construed as a waiver of any rights available to us under the policies. This includes the right to rely on any coverage issue or defense that might apply to the notice of claims already provided or to any other future notice or claim that may arise from the subject activities.

National specifically reserves the right to disclaim coverage for Weld Wire to the extent any of the potential claimants' property damage allegations are barred by operation of the following, but not limited thereto, exclusions and provisions: Expected and Intended; Contractual Liability; Damage To Property; Damage To Your Product; Damage To Your Work; Damage To Impaired Property Or Property Not

Physically Injured; Recall Of Products, Work Or Impaired Property. To the extent there is no "property damage" as that term is defined by the policies there would be no coverage. In addition, to the extent any of the potential claimant's property damage allegations were not the result of an "incident" as that term is defined by the policies there would be no coverage.

Also, policy P 2094431644 provides excess coverage and does not respond to claims unless all underlying coverages, aggregates, retentions and deductibles, as are applicable, have been exhausted by payment of covered claims.

Other policy provisions may also bar or limit coverage. As such, the list set forth above is not exhaustive. Should other issues become apparent through our investigation you will be notified.

**Request for Information:**

In conjunction with our investigation and in order to assist us in reviewing this matter, please provide us with the information and documentation set forth below:

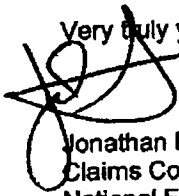
- (1) Copies of the invoices for the purchase of the welding rods from Gedik;
- (2) Copies of the invoices for the sale of the rods to Sowesco and any other customer;
- (3) Copies of any writing (documentation, correspondence, e-mails, customer complaints or call logs and the like) between Weld Wire and any subsidiary or related or affiliated entity and Sowesco, or their legal representatives relative to the sale and/or use of the welding rods.
- (4) Copies of any writing (documentation, correspondence, e-mails, customer complaints or call logs and the like) between Weld Wire and any subsidiary or related or affiliated entity and any other customers and or their legal representatives relative to the sale of the welding rods;
- (5) Copies of any writing (documentation, correspondence, e-mails, customer complaints or call logs and the like) between Weld Wire and any subsidiary or related or affiliated entity and Gedik and any subsidiary or related or affiliated entity relative to the purchase of the welding rods;
- (6) Describe any communication that Weld Wire had with Sowesco regarding the product. If the product was returned, please advise as to whether any testing was performed on the product and the results of said testing. Kindly advise of the whereabouts of any welding rods that were returned to Weld Wire and any subsidiary or related or affiliated entity.
- (7) Any writing (documentation, correspondence, e-mails and the like) that contains any results of all independent lab testing on the welding rods;
- (8) Any recall notices of the welding rods. Any writing (documentation, correspondence, e-mails and the like) that contains any information concerning when the product that was recalled was manufactured, processed, packaged, handled, distributed, and sold;
- (9) Any writing (documentation, correspondence, e-mails, customer complaints or call logs and the like) that contains any information concerning when you first became aware of any alleged defect or recall of the product; including any and all communications (including e-mails, correspondence or other documentation) you received regarding the recall of the product;

- (10) Copies of any and all writings (documentation, correspondence, e-mails, customer complaints or call logs, and the like) between Weld Wire and any subsidiary or related or affiliated entity and any customer and/or their legal representatives relative to any alleged incident involving the welding rods whether or not the incident involved an allegation of property damage.
- (11) In connection with the product at issue, copies of any and all writings (documentation, correspondence, e-mails, customer complaints or call logs and the like) between Weld Wire and any subsidiary or related or affiliated entity and the Consumer Product Safety Commission or any other government agency;
- (12) Kindly advise as to when Weld Wire and/or any related or affiliated entity first became aware of the facts or circumstances which gave rise to this matter. Please provide us with copies of any and all writings (documentation, correspondence, e-mails, customer complaints or call logs and the like) in connection with these incidents;
- (13) A timeline detailing how the product was handled from the time it was purchased by Weld Wire from Gedik to the time the product was sold to Sowesco;
- (14) Any instructions that were provided to Gedik with regard to chemical specifications of the welding wires;
- (15) In your prior dealing with Sowesco have you encountered a similar problem with the product and, if so, how was it resolved?
- (16) In your prior dealing with Gedik, have you encountered a similar problem with the product and, if so, how was it resolved?
- (17) All invoices, receipts and other documents relating to the sale of this product to Sowesco and any other customers who may have purchased the product;
- (18) Provide any certificates of insurance, contracts, or agreements that Weld Wire has with Gedik;
- (19) A complete copy of Gedik's insurance policy which lists Weld Wire as an insured;
- (20) Advise if Gedik has been placed on notice of this matter and provide all documentation in your possession in connection with the notice; and
- (21) Advise as to the identity of the other customers that were sold the welding rods at issue.

Any of these requests or any other request that we may make for information or cooperation from you is not intended and should not be construed as a waiver of any rights available to us under the policies. We must reserve the right to deny coverage as well as any rights limiting coverage available under the policies and under applicable law for this loss should the results of our investigation indicate such action is warranted.

National is committed to the fair handling of all claims for coverage, and invites you to contact the undersigned if you should have any questions regarding this letter, or to provide any additional information which you feel may be helpful in evaluating National's rights and obligations under the aforementioned policies and any other policy potentially applicable.

Very truly yours,

A handwritten signature in black ink, appearing to be 'Jonathan Domante', written over a horizontal line.

Jonathan Domante  
Claims Consultant  
National Fire Insurance Company of Hartford

cc: Wells Fargo Insurance Services of PA, Inc.  
701 Lee Road, Suite 205  
Chesterbrook, PA 19087